

The Telecommunications Excise Tax Act imposes a tax on the act or privilege of originating or receiving intrastate or interstate telecommunications by persons in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers by such persons. See 86 Ill. Adm. Code 495. (This is a GIL).

April 9, 2001

Dear Xxxxx:

This letter is in response to your letter dated March 7, 2001. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be found on the Department's website at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

The purpose of this letter is to request consideration for exemption from monthly telecommunication excise taxes on the NAME cellular telephones currently being utilized by the task force. According to our conversation today, state governmental bodies are afforded an exemption for these taxes. I have enclosed with this letter a copy of the Award Agreement which outlines the operating authority of the AAA.

The Illinois Motor Vehicle Theft Prevention Council, through the Illinois Criminal Justice Information Authority, disburses funds to 'Implementing Entities' to combat auto theft in the designated areas. AAA is a multi-jurisdiction and multi-agency task force under the direction of the Illinois State Police.

I will appreciate your consideration and timely response to this matter. If you have any questions or need additional information, please do not hesitate to contact me. Thank you.

The Telecommunications Excise Tax Act (The Act) imposes a tax on the act or privilege of originating or receiving intrastate or interstate telecommunications by persons in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers by such persons. See 86 Ill. Adm. Code 495, enclosed, and 35 ILCS 630/3 & 4. The Act defines gross charges as including amounts paid for the act or privilege of originating or receiving telecommunications in this State and for all services and equipment provided in connection therewith by retailers. See 35 ILCS 630/2(a).

The only purchasers who can purchase telecommunications tax-free are the State and Federal governments, State Universities created by statute, and wholly owned corporate subsidiaries purchasing from the parent or other wholly owned subsidiary. See 35 ILCS 630/2.

From a review of the Award Agreement attached to your letter, we are unable to grant the ruling you request. It appears from this agreement that the task force is implemented by the City of CITY and that several other local governmental units participate. Further, the Illinois Motor Vehicle Theft Prevention Council, which is a State agency, is only given the authority to make grants and provide financial support to programs such as yours. The local unit of government is not granted the State's tax exempt status merely by receiving funds from a State agency.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk  
Enc.